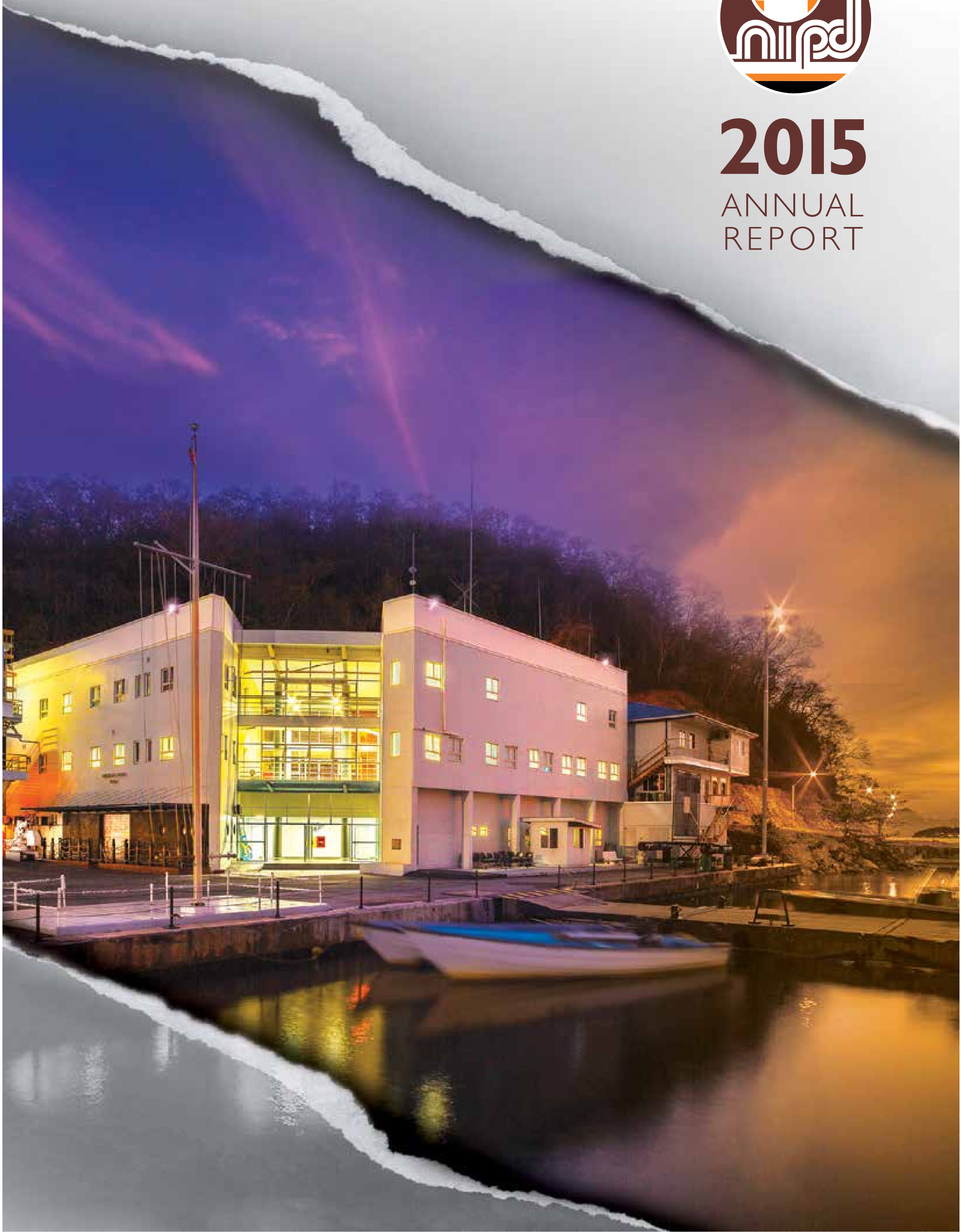
2015
ANNUAL REPORT



Vision

To be the premier private and public developer in Trinidad and Tobago.

Mission

To develop, manage and sell property, goods and services in partnership with the National Insurance Board and other organisations in Trinidad and Tobago, utilising a project management approach to bring value to our shareholders.

Contents

Core Values

Mutual Respect

We value and respect each other as persons as well as members of the same team, subscribing to the same Vision, Mission and Values.

Customer Focus

We recognise that meeting and exceeding the expectations of our customers must guide our decision making.

Transparency

We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.

Integrity

We strive towards consistency between our words and actions and are committed to personal and professional ethical performance throughout NIPDEC.

Fairness

We are fair and equitable in our treatment of each other.

Competence

Our dedication to excellence requires not only lifelong learning and development of our individual skills but also continual assessment of our ability to add value to NIPDEC.

Loyalty

As part of NIPDEC we are committed to ensuring the best interests of the organisation and protecting its assets.

Teamwork

We promote collaborative development as we work, learn and strive for excellence together.

MICHAEL TONEY
Chairman

Chairman's Review

The Board of Directors of the National Insurance Property Development Company (NIPDEC) comprises individuals whose diverse skill sets reflect the combined strengths of the private and public sectors. As a wholly owned subsidiary of the National Insurance Board of Trinidad and Tobago (NIBTT), two members of the board of the parent company – the Chairman and the Chief Financial Officer – also serve on NIPDEC's Board. The Board convenes monthly to receive updates on the company's finances and other matters which may require its approval.

NIPDEC's revenue-generating services include project management, procurement, construction and facilities management. We do not receive State funding in the form of subsidies, subventions or grants and our existence serves primarily to add value to the NIB Fund in the context of honest and proper service to our clientele, mainly the Ministries of the Government of Trinidad and Tobago.

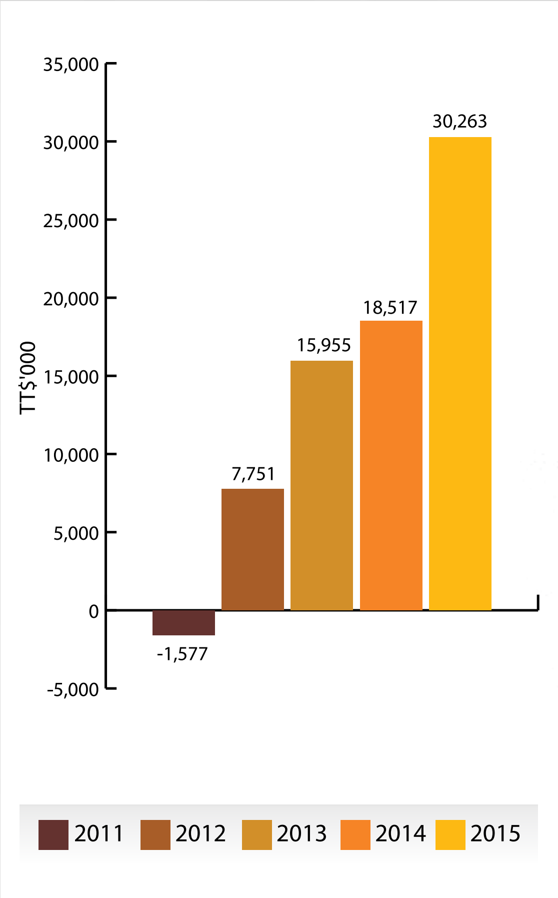
As a career accountant of over 40 years and with decades of experience as an auditor, I fully understand the role of the gatekeeper of financial transactions. Over the years, I have worked assiduously to develop strong relationships with clients so that credibility and integrity are associated with all projects of which I am a part. One's signature has tremendous worth and affixing it is not an initiative to be taken lightly. It is this philosophy that I bring to the table of NIPDEC. Integrity and transparency in our operations are key to effectively building and maintaining our client base.

I am pleased to report that NIPDEC's financial results for 2015 were quite strong, particularly against the backdrop of the global economic downturn. The company achieved total comprehensive income of $30.26 million for the period under review, an increase of 63% compared to the previous fiscal year (2014: $18.51 million). However, the 2015 success must also be placed in the context of that year being an election year and in terms of the increased spending generally associated with the period preceding elections. The bar chart illustrates annual performance over the last five years.

The success of fiscal 2015 was due in no small part to our committed and hardworking management and

NIPDEC'S REVENUE-GENERATING SERVICES

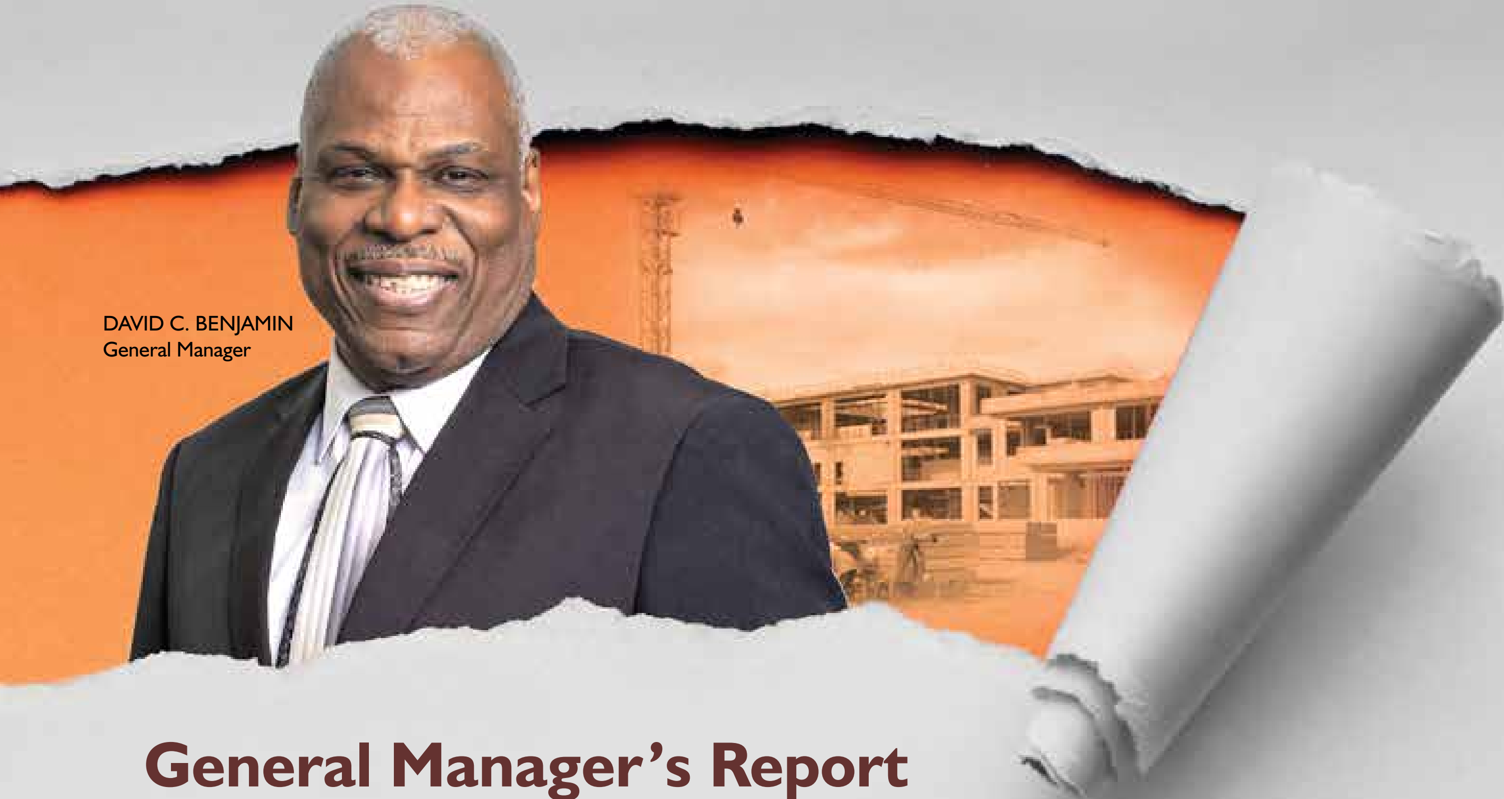
FIVE-YEAR COMPARISON



staff. I wish to acknowledge their energies and efforts and to also thank the former Board, Chairman and members, for the work they have done to transform NIPDEC into the organisation it is today.

Globally, the economic outlook continues to be daunting and we are certainly not immune to the harsh economic realities for Trinidad and Tobago. As we move into the new fiscal year, I look forward to working with my team. Together, we will continue to add value to the national welfare of Trinidad and Tobago in a transparent manner that can withstand the highest levels of scrutiny.

MICHAEL TONEY
Chairman



General Manager's Report

The National Insurance Property Development Company (NIPDEC) is well established as a professional organisation that provides a diversified portfolio of services including project management, procurement management, facilities management and commercial services geared to meet the ever changing needs of its valued clients.

Fundamentally, NIPDEC is a knowledge company that markets its expertise in project management and procurement. Our wealth of experience in systems and procedures are competitively leveraged to add value to our clients, which include both public and private sector organisations.

It is important to note that to date, NIPDEC is the only entity (state or otherwise) that has the legislative standing to be a procurement agency for government that is on par with the Central Tenders Board. Over its 38 years, the company has continued to work with government and shares its commitment to developing the infrastructure of Trinidad and Tobago for the benefit of all citizens.

Worldwide, 2015 was a challenging year as the economic downturn intensified and brought to the fore the harsh reality that for many companies, readjustment would need to be undertaken to weather the recession. Global growth was down to 2.4%.

The Latin America and Caribbean (LAC) region recorded its fifth consecutive decline in real Gross Domestic Product (GDP) growth in 2015, with output falling to 0.5 per cent, from 1.3 per cent in 2014. Key contributory factors included falling global commodity prices, weakening business and consumer confidence, and dampening private demand. Trinidad and Tobago was not spared as drastic falls in both oil and commodity prices impacted negatively on the economy. By June 2015, the Board of NIPDEC was compelled to implement serious austerity measures, among them a freeze on hiring and staff training.

Notwithstanding, NIPDEC was able to complete and deliver key projects in the period under review and this is due in no small part to the competencies and capabilities of NIPDEC's greatest asset – its people.

KEY PROJECTS 2014-2015

The following projects were delivered in the period under review. They are selected examples of the various services offered by NIPDEC and showcase the diverse nature of the organisation's scope of work.

Recreational	**Shaw Park Cultural Facility** – The largest performance venue in Trinidad and Tobago with a total capacity of 5,000. The space boasts a seating capacity of 3,700 in the main hall and features several other smaller meeting rooms. The multipurpose facility in Tobago hosted its first public performance in February 2015.
	Beetham Gardens Community Centre – Addressing the need to promote and uplift community spirit in this urban zone, this project pivoted around the construction of a two-storey building consisting of stage, dressing rooms, an auditorium with seating for over 200. The building also houses a computer and audio-visual room, a gym and other amenities. External works included, but were not limited to, box drains, the car park and perimeter lighting. The project was completed in December 2015.
Medical	**Scarborough General Hospital** – In April 2015, NIPDEC began construction of a new wing to the hospital. The project included Furniture, Fixtures and Equipment (FF&E), a Magnetic Resonance Imaging unit and a cardiac catheterisation laboratory and was completed in four months. NIPDEC was able to broker huge savings for its client on the state-of-the-art, first-class facility.
	Carenage Health Centre – The two-storey reinforced concrete structure was completed within budget and features spaces for various services, including administrative, pharmacy, counselling, dental, screening and treatment. NIPDEC was responsible for the procurement of FF&E, which also extended to the solar panels, generator and car park of the health centre.
	Trinidad and Tobago Forensic Science Centre Upgrade – Completed in October 2015, this project entailed the upgrade of the formerly unused post-mortem room and the X-ray room. It included all preparatory works and the supply and installation of all FF&E.
Educational	**College of Science, Technology and Applied Arts of Trinidad and Tobago Headquarters** – Phase one of this project was completed in September 2015. The building includes functional space for campus business, classrooms, laboratories, training rooms and a canteen

KEY PROJECTS 2014-2015 continued

Administrative

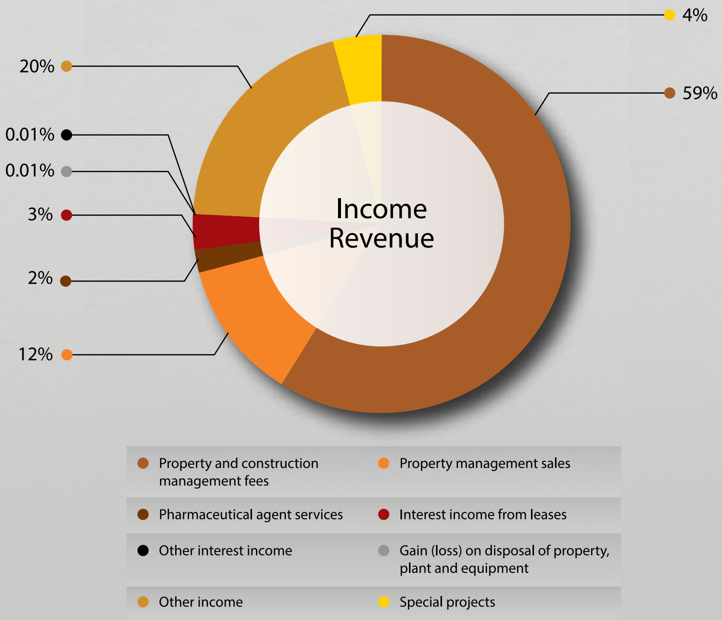
Motor Vehicle Authority – Completed under budget in June 2015, the project was part of the Ministry of Transport's transformation exercise to improve the quality of services offered by the Licensing Division. The facility features administrative space, a warehouse, an armoury and vehicle inspection amenities. All buildings were fully outfitted with furniture and infrastructure, which includes four hydraulic lifts, a weigh bridge with a capacity of 100 tonnes and a sewer treatment plant.

National Archives Building C – NIPDEC was engaged to complete an existing two-storey structure for the Ministry of National Diversity and Social Integration. Completed in August 2015, the building will house the conservation and reprographics laboratories, document cleaning room, conference and audio-visual rooms, among other amenities. The project also entailed landscaping and civil works as well as outfitting the building with ICT equipment.

FINANCIAL REVIEW

As the world grapples with the ongoing economic downturn, NIPDEC has implemented strategic measures aimed at maintaining the strength of the organisation. In the 2014-2015 financial year, the company recorded profits of $35,467,000, more than doubling the previous year's performance.

Our business units have held strong, with project and construction management fees rising to $61.1 million from $43.3 million, property management and sales maintaining a $12.1 million income. The company has also gained from revenue generators such as pharmaceutical procurement services, interest income from leases, other income and special projects. In total, NIPDEC's income revenue for the 2014-2015 financial year comprised $103.4 million, a significant increase from the previous year's figure of $59.9 million.



The company's robust bottom line has no doubt been bolstered by the pragmatic initiatives taken by the Government of Trinidad and Tobago to drive economic activity, as well as by the efficiency measures enacted by the company itself. Our thriving financial results are a testament to the resilience of Trinidad and Tobago's economy, as well as the strength of NIPDEC's organisational enterprise and savvy in a challenging global environment.

Indeed, as NIPDEC continues to flourish, our clients and stakeholders can be confident that the organisation is on a strong course. We remain committed to advancing the organisation and maintaining a rewarding relationship with our stakeholders.

LOOKING FORWARD

Upon assumption of the role of General Manager, I was pleased to find a legacy of competencies, structures and capacity. For this, I am profoundly grateful as it means that the necessary support, in terms of processes and people, is in place to get things done. Others before me had the responsibility to shepherd NIPDEC to where it is. It is my role now, to take the company further, to achieve new levels of success despite the turbulence of an uncertain economy.

As we move into 2016, I would like to focus on the following areas:

- **Rebuilding** – It is clear that today's environment is much more competitive than it was when NIPDEC first began its operations. NIPDEC must strive not only to remain relevant but to deliver even greater value to its clients and stakeholders. In order to do this, we must revisit some of the difficult decisions that we were compelled to make in 2015. In particular, the continuous training and development of our people has to resume in order to reestablish NIPDEC's platform of knowledge and expertise and ensure our capacity to deliver.

- **Accountability** – Our people must bring their full selves to the table. A critical part of my role as General Manager is to support the Board and the vision for the company, ensuring that staff has the resources and guidance they need to perform their tasks. My aim is to give our people the confidence to own their areas with the understanding that they have my support and are allowed the space to express knowledge. Inherent in this approach, is the obligation to comply with systems and processes that support the operations and functions of NIPDEC and comply with the regulatory requirements of the Central Tenders Board Act.

- **Expansion and Internationalisation** – While our operations are profitable, individual projects are inherently temporary. When we have delivered them to our clients and stakeholders, we must ask ourselves, what next? New business development is therefore critical to our survival. It is not in the organisation's best interest to remain contented as the premier service provider for the government of Trinidad and Tobago. Oil prices are not projected to begin recovery until early 2017 and we too, must endeavour to contribute to the country's GDP. Internationalisation is therefore of paramount importance if we are to generate foreign exchange to contribute to the economy as well as meet our own needs. To thrive, we need to diversify our client base, what we do and how we create value.

- **Information Systems and Technology** (IT)– IT impacts all disciplines and is constantly evolving to become more pervasive and more powerful. No organisation can exist without IT and NIPDEC must continue to develop capabilities in this core competency. This guides our ongoing investment, time and energy.

- **Financial Stability and Growth** – An in-depth examination of where we are and analysis of our fiscal health will place us in good stead to determine our direction for the future. We continue to revew our revenue generation to ensure that we can meet our commitments and develop a stronger and more powerful NIPDEC.

ACKNOWLEDGEMENT

I wish to restate my appreciation and gratitude to the Board and management of the company, past and present, for creating the legacy of NIPDEC, a company with a formidable set of systems, processes and administrative controls that work. NIPDEC is also a reflection of its employees, without whose focus and sheer determination, the company would not stand. As the new dawn approaches, we must all work together to develop our competencies to create an even more powerful organisation and assure NIPDEC's continued success.

DAVID C. BENJAMIN
General Manager

Board of Directors

Effective July 21, 2016

MICHAEL TONEY Chairman	**JOHN BOISSELLE** Deputy Chairman	**KESTON NANCOO** Director	**BRENDON NELSON** Director

CHRISTINE DE BIQUE
Director

MARVIN GONZALES
Director

MARGARET ROPER WILTSHIRE
Director

SELBY LESLIE
Director

Management Team

As of August 1, 2016

DAVID C. BENJAMIN
General Manager

VYAS RAMPHALIE
Head, Property Development

LOLITA MAHARAJ – SIRJU
Head, Pharmaceuticals

JABARI COZIER
Head, Finance and Accounting

CAVELLE JOSEPH
Head, Human Resources

KIM GARIBSINGH
Company Secretary

RENUKA RAMBHAJAN
Head, Legal Services

SEAN COOK
Manager, Facilities

DAMIAN JOSEPH
Manager, Marketing and Communications (Ag.)

MIRIAM WILSON – EDWARDS
Manager, Internal Audit

2015 FINANCIAL STATEMENTS

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year, which present fairly, in all material respects, the state of affairs of the Company as at the end of the financial year and the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. Management is also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company as of June 30, 2015, and of its operating results for the year ended. Management further accepts responsibility for the maintenance of accounting records, which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

General Manager

March 2, 2016

Head, Finance

March 2, 2016

Independent auditor's report

Independent auditor's report
to the shareholders of
The National Insurance Property Development Company Limited

Report on the financial statements
We have audited the accompanying financial statements of The National Insurance Property Development Company Limited, which comprise the statement of financial position as of June 30, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The National Insurance Property Development Company Limited as at June 30, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte + Touche

Deloitte & Touche
Port of Spain
Trinidad, West Indies
March 2, 2016

Statement of financial position

(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	As at June 30, 2015	2014 Restated	I July, 2013 Restated
ASSETS		**$'000**	**$'000**	**$'000**
Non-current assets				
Net investment in leased assets	5	—	13,847	20,218
Investment properties	6	31,400	31,400	29,400
Property, plant and equipment	7	18,997	19,632	21,248
Defined pension benefit asset	8	27,661	33,237	30,499
Available-for-sale investments	9	14,476	14,854	17,330
Total non-current assets		92,534	112,970	118,695
Current assets				
Cash and short-term deposits	10 (a)	218,313	186,560	159,977
Restricted cash	10 (b)	406,605	1,299,049	702,794
Accounts receivable and prepayments	11	446,428	248,050	260,125
Net investment in leased assets	5	—	1,746	7,969
Project costs incurred less project advances	12	338,483	328,816	274,916
Amounts due from parent company	24	1,875	28,149	28,037
Total current assets		1,411,704	2,092,370	1,433,818
Total assets		**1,504,238**	**2,205,340**	**1,552,513**
EQUITY AND LIABILITIES				
Equity				
Share capital	13	25,000	25,000	25,000
Revaluation reserve	14	13,000	13,000	13,375
Fair value reserve	15	705	548	2,071
Retained earnings		206,404	176,298	156,258
Total shareholders' equity		245,109	214,846	196,704
Non-current liabilities				
Borrowings	16	—	4,624	14,359
Total non-current liabilities		—	4,624	14,359
Current liabilities				
Borrowings	16	4,792	9,762	13,511
Accounts payable and accruals	5,17	528,321	378,937	319,585
Project advances less project costs incurred	18	726,016	1,588,150	999,333
Dividends payable		—	9,021	9,021
Total current liabilities		1,259,129	1,985,870	1,341,450
Total equity and liabilities		**1,504,238**	**2,205,340**	**1,552,513**

The accompanying notes are an integral part of these financial statements.

On March 2, 2016, the Board of Directors of the National Insurance Property Development Company Limited authorised these financial statements for issue.

Director

Director

Statement of profit or loss and other comprehensive income

(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	Year ended June 30, 2015 $'000	2014 $'000
Income			
Project and construction management fees	19	61,145	43,314
Property management and sales	20	12,146	12,149
Pharmaceutical agent services	1 (c)	2,000	2,000
Interest income from leases	5	2,811	2,777
Other interest income		8	1,051
Gain/(loss) on disposal of property, plant and equipment		9	(3,104)
Revaluation of investment property	6	—	2,000
Other income	32	20,396	116
Special projects and other income		4,838	1,971
Total income		103,353	62,274
Direct costs incurred		(2,525)	(2,357)
Total income less direct costs		100,828	59,917
Expenditure			
Staff costs	21	(35,154)	(32,259)
Finance costs	22	(1,495)	(1,289)
Administration expenses	23	(5,305)	(3,892)
Accommodation costs		(4,371)	(3,121)
Bad debts	24	(16,923)	—
Depreciation	7	(1,071)	(1,022)
Vehicle expenses		(962)	(884)
Total expenses		(65,281)	(42,467)
Profit before tax		35,547	17,450
Taxation		(80)	(60)
Profit for the year after tax		35,467	17,390
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined pension benefit asset	8	(5,361)	2,650
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investment	9	157	(1,523)
Other comprehensive income for the year, net of income tax		(5,204)	1,127
Total comprehensive income for the year		**30,263**	**18,517**

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital $'000	Revaluation reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total equity $'000
Year ended June 30, 2015					
Balance at the beginning of the year	25,000	13,000	548	176,298	214,846
Profit for the year after tax	—	—	—	35,467	35,467
Other comprehensive income	—	—	157	(5,361)	(5,204)
Total comprehensive income for the year	—	—	157	30,106	30,263
Balance at the end of the year	**25,000**	**13,000**	**705**	**206,404**	**245,109**
Year ended June 30, 2014					
Balance at the beginning of the year	25,000	13,375	2,071	156,258	196,704
Profit for the year after tax	—	—	—	7,837	7,837
Other comprehensive income	—	—	4,472	2,650	7,122
Total comprehensive income for the year	—	—	4,472	10,487	14,959
Balance at the end of the year (as previously reported)	25,000	13,375	6,543	166,745	211,663
Prior year adjustment (Note 32)	—	(375)	(5,995)	9,553	3,183
Balance at the end of the year (as restated)	**25,000**	**13,000**	**548**	**176,298**	**214,846**
Year ended July 1, 2013 (as previously reported)					
Balance at the beginning of the year	25,000	13,375	—	141,073	179,448
Total comprehensive income for the year	—	—	8,066	5,632	13,698
Balance at the end of the year (as previously reported)	**25,000**	**13,375**	**8,066**	**146,705**	**193,146**
Prior year adjustment (Note 32)	—	—	(5,995)	9,553	3,558
Year ended July 1, 2013 (as restated)	**25,000**	**13,375**	**2,071**	**156,258**	**196,704**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

(Expressed in thousands of Trinidad and Tobago dollars)

	Year ended June 30, 2015 $'000	2014 $'000
Cash flows from operating activities		
Profit before taxation	35,547	17,450
Adjustments for:		
Depreciation	1,071	1,022
Loss on disposal of plant, property and equipment	(9)	3,104
Defined benefit pension income	216	(88)
Increase in fair value of investment property	—	(2,000)
	36,825	19,488
Changes in:		
Decrease/(increase) in amounts due from parent company	26,274	(112)
Increase in project costs incurred less project advances	(9,667)	(53,900)
(Increase)/decrease in accounts receivable and prepayments	(198,377)	12,075
Increase in accounts payable and accruals	149,382	59,354
(Decrease)/increase in project advances less project costs incurred	(862,133)	588,817
	(857,696)	625,722
Taxes paid	(81)	(60)
Net cash flows from operating activities	(857,777)	625,662
Cash flows from investing activities		
Capital receipts from finance lease	15,591	12,594
Purchase of property, plant and equipment	(435)	(2,970)
Proceeds from sale of plant, property and equipment	10	83
Interest earned on investments	(418)	—
Proceeds from redemption of available-for-sale investment	953	953
Net cash from investing activities	15,701	10,660
Cash flows from financing activities		
Repayment of borrowings	(9,594)	(13,484)
Dividends paid	(9,021)	—
Net cash used in financing activities	(18,615)	(13,484)
Net (decrease)/increase in cash and cash equivalents	(860,691)	622,838
Cash and cash equivalents at the beginning of the year	1,485,609	862,771
Cash and cash equivalents at the end of the year	**624,918**	**1,485,609**
Cash and cash equivalents comprise		
Cash and short-term deposits (Note 10 a)	218,313	186,560
Restricted cash (Note 10 b)	406,605	1,299,049
	624,918	**1,485,609**

The accompanying notes are an integral part of these financial statements.

1. Incorporation and principal activity

The National Insurance Property Development Company Limited ('NIPDEC') is incorporated in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the National Insurance Board of Trinidad and Tobago ('NIBTT'). NIPDEC's registered office is located at 56-60 St. Vincent Street, Port of Spain, Trinidad West Indies. The principal activities of NIPDEC are:

a) Providing project management services on various major construction projects to its clients, which include large state enterprises and the Government of the Republic of Trinidad and Tobago ('GORTT') so as to ensure these projects are successfully completed on time and within budget from project conception to completion.

b) Commercial services including maintenance and rental of buildings and car parks, acting as a receipt agent for mortgage portfolios and procurement of miscellaneous items for the GORTT.

c) Managing, on behalf of the Ministry of Health, the procurement, storage and distribution of pharmaceutical and non-pharmaceutical medical supplies to various health care facilities in Trinidad and Tobago, which are operated by the Regional Health Authorities.

These financial statements were authorised for issue by the Board of Directors on March 2, 2016.

2. Application of new and revised International Financial Reporting Standards ('IFRS')

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after July 1, 2014.

- **Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities***

  The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

  The application of these amendments has no material impact on the disclosures in the Company's financial statements.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities***

The Company has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

- **Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***

The Company has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to instances where the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure requirements required by IFRS 13 *Fair Value Measurements*.

The application of these amendments has no material impact on the disclosures in the Company's financial statements.

- **Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting***

The Company has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Company does not have any derivatives that are subject to novation, the application of these amendments has no impact on the disclosures or on the amounts recognised in the Company's financial statements.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

- **IFRIC 21 *Levies***

The Company has applied the IFRIC 21 *Levies* for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in the future period.

The application of this interpretation has no impact on the disclosures or on the amounts recognised in the Company's financial statements.

- **Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions***

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The management of the Company does not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Company's financial statements.

- ***Annual Improvements to IFRS 2010-2012***

The *Annual Improvements to IFRS 2010-2012* include a number of amendments to various IFRS, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition'. The amendments to IFRS 2 are effective for share-based payments transactions for which the grant date is on or after July 1, 2014.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

• ***Annual Improvements to IFRS 2010-2012*** **(continued)**

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for the accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.1 Amendments to IFRS and new interpretations that are mandatorily effective for the current year (continued)

- ***Annual Improvements to IFRS 2011-2013***

The *Annual Improvements to IFRS 2011-2013* include a number of amendments to various IFRS, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify the scope of the portfolio exception for measuring the fair value of a Company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of IAS 40; and

b) the transaction meets the definition of a business combination under IFRS 3.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

• IFRS 9	Financial instruments[3]
• IFRS 14	Regulatory Deferral Accounts[1]
• IFRS 15	Revenue from Contracts with Customers[2]
• Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations[1]
• Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
• Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
• Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[1]
• Amendments to IFRS	Annual Improvements to IFRS 2012-2014
• Amendments to IAS 1	Disclosure Initiative[1]
• Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
• Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]

[1] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[4] Effective for annual periods beginning on or after July 1, 2016, with earlier application permitted.

- **IFRS 9 *Financial Instruments***

  IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments* (continued)**

Key requirements of IFRS 9:

— all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

— with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

— in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments* (continued)**

Key requirements of IFRS 9 (continued):

— the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Company anticipates that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

- **Amendments to IFRS 14: *Regulatory Deferral Accounts***

IFRS 14 permits an entity, which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

- **IFRS 15 *Revenue from Contracts with Customers***

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 15 *Revenue from Contracts with Customers* (continued)**

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Guidance that is far more prescriptive has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations***

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016. The management of the Company does not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Company's financial statements.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

  a) when the intangible asset is expensed as a measure of revenue; or

  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

  The management of the Company does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Company's financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***

  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

  The Company is not engaged in agricultural activities and consequently these amendments to IAS 16 and IAS 41 will not have an impact on the Company's financial statements.

- **Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

  Amendments were made to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

  a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 *Business Combinations*).

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (continued)**

b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- ***Annual Improvements 2012 – 2014***

The *Annual Improvements to IFRS 2012-2014* include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the high-quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendment to IAS 1: *Disclosure Initiative***

Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***

Amendments were made to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

(i) at cost; or
(ii) in accordance with IFRS 9 (or IAS 39); or
(iii) using the equity method.

This is an accounting policy choice for each category of investment.

2. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***

Amendments were made to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates* and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

3. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available-for-sale investments, freehold and investment properties.

3. Basis of preparation (continued)

c) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars, which is NIPDEC's functional and presentation currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is identified below:

Accounting policy 4(b)	Net investment in leased assets
Accounting policy 4(c)	Investment properties
Accounting policy 4(d)(i)	Property, plant and equipment *(owned assets)*
Accounting policy 4*(i)*	Accounts receivable
Accounting policy 4(m)	Provisions
Note 5	Net investment in leased asset

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 8	Measurement of defined pension benefit asset

4. Summary of significant accounting policies

a) Foreign currency

Foreign currency transactions and non-monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of the financial period in which they arise.

b) Net investment in leased assets

Leases whereby NIPDEC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in NIPDEC's statement of financial position.

c) Investment properties

Investment properties consist of buildings, warehouses, car parks and land held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair values are based on market values.

In order to determine fair values, independent valuators perform assessments every three years. In addition, management performs an assessment of fair value with sufficient regularity to ensure that market values do not differ materially from carrying amounts and when deemed appropriate performs its own assessment of fair either value or requests an additional independent valuation.

d) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see accounting policy (e)) except for freehold properties which are stated at revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

4. Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

(i) Owned assets (continued)

NIPDEC recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to NIPDEC and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

(ii) Depreciation

Land is not depreciated. Property, plant and equipment is depreciated on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Freehold buildings	2%
Fixtures and fittings and plant and machinery	12 1/2%
Furniture and equipment	10%
Computer equipment and computer software	33 1/3%
Motor vehicles	25%
Other	10-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(iii) Disposal

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in profit or loss of the financial period in which they arise.

4. Summary of significant accounting policies (continued)

e) Impairment

The carrying amounts of NIPDEC's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss has been recognised.

f) Defined pension benefit asset

NIPDEC operates a defined pension benefit plan, which covers all permanent employees. The pension costs of this plan are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent actuaries who carry out a full valuation of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows less the fair value of plan assets, together with adjustments for unrecognised past-service costs. Actuarial gains and losses in accordance with IAS 19 are recognised in other comprehensive income.

4. **Summary of significant accounting policies (continued)**

g) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset and a financial liability or equity instrument of another enterprise.

Financial instruments carried in NIPDEC's statement of financial position include; cash and short-term deposits, available-for-sale investments, accounts receivable, accounts payable and borrowings via Build Own Lease Transfer (BOLT) arrangements (see accounting policy Note (k)). The main purpose of borrowings is to raise finance for construction of buildings under BOLT arrangements.

(i) Classification

a) Financial assets at fair value through profit or loss

A financial asset is classified as 'financial assets at fair value through profit or loss' if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

b) Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as available for sale.

c) Held-to-maturity financial assets

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that NIPDEC's management has the positive intent and ability to hold to maturity.

NIPDEC does not currently hold any financial assets at fair value through profit or loss, loans and receivable and held-to-maturity financial assets.

d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale investments are stated at fair value with any resultant gain or loss recognised in the statement of profit or loss and other comprehensive income.

4. Summary of significant accounting policies (continued)

d) Available-for-sale financial assets (continued)

ii) Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on the trade date at which NIPDEC becomes a party to the contractual provision of the instrument.

Financial assets are initially recognised at fair value plus transaction costs, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and NIPDEC has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Under normal circumstances, observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

Gains and losses arising from changes in the fair value of the financial assets in the available-for-sale category are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of profit or loss and other comprehensive income.

h) Cash and cash equivalents

Cash and cash equivalents comprise short-term liquid investments with original maturities of three months or less. These balances are readily convertible into known amounts of cash without notice.

i) Accounts receivable

Receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that NIPDEC will not be able to collect all amounts due according to the original terms of the receivable. The amount of the allowance is recognised in profit or loss.

4. Summary of significant accounting policies (continued)

j) Project costs and project advances

NIPDEC acts as a project or construction manager and in some instances as a paying agent on behalf of its client. This means that construction costs incurred on various projects are recorded through project cost accounts and these costs are subsequently billed to and refunded by the client to NIPDEC. These refunds are credited directly to the project cost accounts. In certain instances, monies are received in advance of costs being incurred, and these amounts have been separately classified in the statement of financial position as project advances. For these projects, typically, all costs are reimbursable, and NIPDEC therefore does not bear the risk of cost overruns or losses on projects.

k) Borrowings

Borrowings are recognised initially as proceeds received net of transaction costs incurred. Borrowings are subsequently stated at the amortised cost using the effective interest rate method, any differences between proceeds and redemption value is recognised in profit or loss over the period of the borrowing. Principal and interest payment due within the next 12 months are classified as current liabilities, and all remaining amounts are treated as non-current.

l) Accounts payable and accruals

Trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

m) Provisions

Provisions are recognised when NIPDEC has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation, and a reliable estimate of the amount of the obligation can be made.

n) Revenue recognition

Revenues earned by NIPDEC are recognised on the following bases:

Project management fees and construction management fees

These fees are recognised in income based on contract costs incurred to date as a percentage of the total estimated cost of the project. The timing of revenue recognition through profit or loss may differ from the fee payment schedule agreed by the client. Any differences are treated as deferred income in the statement of financial position.

Lease income

Interest income on leased assets is taken into income under the amortisation method.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

4. Summary of significant accounting policies (continued)

n) Revenue recognition (continued)

Interest income and expenses

This is accounted for using the effective interest method.

Other income and expenditure

This is recognised on an accruals basis unless collectability is doubtful.

o) Taxation

NIPDEC is exempt from corporation tax by virtue of Legal Notice No. 94 dated May 3, 1987. However, NIPDEC is required to pay green fund levy, which is disclosed as taxation in profit or loss.

p) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in the presentation in current year.

5. Net investment in leased assets

	Net investment 2015 $'000	2014 $'000
Not later than one year		
Government of St. Lucia – Ministry of Works	(157)	2,013
Government of Trinidad & Tobago – Attorney General Building	(85)	(267)
	(242)	1,746
Later than one year		
Government of St. Lucia – Ministry of Works	(223)	5,640
Government of Trinidad & Tobago – Attorney General Building	—	8,207
	(223)	13,847
	(465)	**15,593**

During the year ended June 30, 2015 an amount of $2,811 thousand (2014: $2,777 thousand) was recognised as rental income in the statement of profit and loss. The 2015 balance of $465 thousand was reclassified to accounts payable and accruals.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

6. Investment properties

	2015 $'000	2014 $'000
Leasehold land and buildings		
1,500 sq. ft. land at 47 St. Vincent Street, Port of Spain	3,600	3,600
Chaguaramas Warehouse	7,500	7,500
	11,100	11,100
Chattel buildings		
Riverside Car Park, Piccadilly Street, Port of Spain	7,000	7,000
Multistorey Car Park, Edward Street, Port of Spain	12,000	12,000
	19,000	19,000
Land held for development		
Toco	1,300	1,300
Total	**31,400**	**31,400**
Opening balance at July 1	31,400	29,400
Increase in value	—	2,000
Closing balance at June 30	**31,400**	**31,400**

The investment properties have been independently valued by Linden Scott and Associates Ltd, Chartered Valuation Surveyors. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyers, and knowledgeable, willing sellers in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards Committee standards. The date of the last valuation report was March 26, 2014. Management has reviewed the fair values as at June 30, 2015 and concluded that they are consistent with the market for similar properties and consequently no adjustments to fair value have been made.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

7. Property, plant and equipment

	Freehold property at revalued amount $'000	Fixtures & fittings at cost $'000	Office & computer equipment at cost $'000	Computer software at cost $'000	Motor vehicles at cost $'000	Plant & machinery at cost $'000	Total $'000
Year ended June 30, 2015							
Opening balance net book amount	16,779	771	741	238	193	910	19,632
Additions	–	278	158	–	–	–	436
Disposal	–	(41)	–	–	(152)	–	(193)
Depreciation on disposal	–	41	–	–	152	–	193
Depreciation charge	(150)	(296)	(294)	(92)	(87)	(152)	(1,071)
Closing balance net book amount	**16,629**	**753**	**605**	**146**	**106**	**758**	**18,997**
Cost or valuation	16,819	4,969	11,670	521	3,445	3,332	40,756
Accumulated depreciation	(190)	(4,216)	(11,065)	(375)	(3,339)	(2,574)	(21,759)
Net book amount	**16,629**	**753**	**605**	**146**	**106**	**758**	**18,997**
Year ended June 30, 2014							
Opening balance net book amount	14,760	696	805	74	291	1,062	17,688
Revaluation	2,864	–	–	–	–	–	2,864
Additions	2,141	364	259	206	–	–	2,970
Disposal	(3,187)	–	–	–	(356)	–	(3,543)
Depreciation on disposal	319	–	–	–	356	–	675
Depreciation charge	(118)	(289)	(323)	(42)	(98)	(152)	(1,022)
Closing balance net book amount	**16,779**	**771**	**741**	**238**	**193**	**910**	**19,632**
Cost or valuation	16,818	4,732	11,512	521	3,598	3,332	40,513
Accumulated depreciation	(39)	(3,961)	(10,771)	(283)	(3,405)	(2,422)	(20,881)
Net book amount	**16,779**	**771**	**741**	**238**	**193**	**910**	**19,632**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

7. **Property, plant and equipment (continued)**

Revaluation of freehold property

The freehold property has been independently valued by Linden Scott and Associates, Chartered Valuation Surveyors. Fair value was determined by reference to market based evidence. The date of the last valuation report was March 26, 2014. The next valuation is due in March 2017.

8. **Defined pension benefit asset**

	2015 $'000	2014 $'000
a) Net liability in statement of financial position		
Present value of defined benefit obligation	48,456	44,015
Fair value of Plan asset	(76,117)	(77,252)
Net defined benefit asset	**(27,661)**	**(33,237)**
b) Movement in present value of defined benefit obligation		
Defined benefit obligation at start of year	44,015	42,657
Current service cost	2,049	1,717
Interest cost	2,135	2,102
Members' contributions	314	326
Past service cost	76	—
Re-measurements:		
- Experience adjustments	2,674	(1,541)
Benefits paid	(2,807)	(1,246)
Defined benefit obligation at end of year	**48,456**	**44,015**
c) The defined benefit obligation is allocate between the Plan's members as follows:		
Active members	59%	63%
Deferred members	9%	10%
Pensioners	32%	27%
The weighted average duration of the defined benefit obligation at the year end	14.8	14.5

97% of the value of the benefits for active members is vested.

27% of the deferred benefit obligation for active members is conditional on future salary increases.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

8. Defined pension benefit asset (continued)

	2015 $'000	2014 $'000
d) Movement in fair value of plan assets		
Fair value of plan assets at start of year	77,252	73,292
Interest income	3,807	3,648
Return on plan assets excluding interest income	(2,687)	973
Company contributions	314	326
Members' contributions	314	326
Benefits paid	(2,807)	(1,246)
Administrative expense allowance	(76)	(67)
Fair value of plan assets at end of year	**76,117**	**77,252**
Actual return on plan assets	**1,120**	**4,621**

e) Asset allocation

	2015	2014
Locally listed equities	26,075	26,154
Overseas equities	4,423	4,255
Government issued nominal bonds	14,038	15,930
Corporate bonds	25,544	24,020
Money market mutual funds	1,998	1,188
Cash and cash equivalents	4,039	5,705
Fair value of plan assets at end of year	**76,117**	**77,252**

The asset values as at June 30, 2015 were provided by the Plan's Investment Manager (First Citizens Asset Management Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's Government bonds were issued by the GORTT, which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

8. Defined pension benefit asset (continued)

f) Amounts recognised in the statement of profit or loss are as follows:

	2015 $'000	2014 $'000
Current service cost	2,049	1,717
Net interest on net defined benefit liability	(1,672)	(1,546)
Past service cost	76	—
Administrative expense allowance	76	67
Net pension cost	**529**	**238**

g) Remeasurement recognised in other comprehensive income:

Experience gains	5,361	(2,650)
Effect of asset ceiling	—	—
Net pension cost	**5,361**	**(2,650)**

h) Reconciliation of opening and closing entries in statement of financial position

Opening defined benefit asset at prior year	(33,237)	(30,499)
Net pension cost	529	238
Re-measurement recognised in other comprehensive income	5,361	(2,650)
Contributions paid	(314)	(326)
Closing defined benefit asset	**(27,661)**	**(33,237)**

i) Summary of principal assumptions as at June 30

Discount rate	5.00%	5.00%
Average individual salary increase	4.75%	4.75%
Future pension increases	0.00%	0.00%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at June 30, 2015 are as follows:

Life expectancy at age 60 for current pensioner in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

8. Defined pension benefit asset (continued)

j) Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at June 30, 2015 would have changed as a result of a change in the assumptions used.

	1% p.a. lower $'000	1% p.a. higher $'000
- Discount rate	7,636	(6,120)
- Future salary increases	(2,252)	2,542

An increase of one year in the assumed life expectancies shown above would increase the defined benefit obligation at June 30, 2015, by $664 thousand.

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

k) Funding

The Company meets the balance of the cost of funding the defined benefit pension plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay $304 thousand to the pension plan during 2015/16. However, this amount could change if outstanding pay negotiations are completed during the year.

9. Available-for-sale investments

	2015 $'000	2014 $'000
Opening balance at January 1	14,854	17,330
Interest earned on mutual funds	418	—
Net change in fair value of available-for-sale investment	157	(1,523)
Less redemption of CLICO zero coupon bond during the year	(953)	(953)
Closing balance at December 31	**14,476**	**14,854**
Net change in fair value of available-for-sale investments		
Opening balance at January 1	548	2,071
Net change in fair value of available-for-sale investment	157	(1,523)
Closing balance at December 31	**705**	**548**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

10. Cash and cash equivalents

a) Cash and short-term deposits

Short-term deposits are made for varying periods of between one and three months, depending on the immediate requirements of NIPDEC, and earn interest at the respective short-term deposit rates.

Cash and short-term deposits

	2015 $'000	2014 $'000
Cash in hand	39	39
Cash at bank	217,888	185,445
Short-term deposits	386	1,076
	218,313	**186,560**

b) Restricted cash

Restricted cash refers to monies raised either by NIPDEC's financing activities (bonds) or given to the Company directly through the Government's Programme for Upgrade of Road Efficiency to be used specifically to fund the execution of various projects. The use of these funds are usually specified by contract, cabinet note or memorandum of understanding where NIPDEC has a right of use of the cash by such projects. The amount of restricted cash is $406.6 million (2014: $1,299 million).

11. Accounts receivable and prepayments

	2015 $'000	2014 $'000
Trade debtors:		
- Projects and others	279,665	140,412
- Ministry of Health	107,119	103,543
Direct recoverable expenditure – Ministry of Health:		
- Pharmaceuticals and other related programmes	3,565	3,608
	390,349	247,563
Less allowance for doubtful debts	(6,378)	(6,378)
Net trade debtors and direct recoverable expenditure	383,971	241,185
Prepayments and other sundry receivables	62,457	6,865
	446,428	**248,050**

12. Project cost incurred less project advances

This figure represents the gross amount invoiced to clients or to be drawn down on funds held to finance projects. The summed amount will be paid to contractors, consultants or other suppliers for works completed on various projects.

Project cost incurred less project advances

	2015 $000	2014 $000
Ministry of Transport	251,209	249,391
Ministry of Community Development	3,085	2,837
Ministry of Education	17,832	18,489
Ministry of Environment and Water Resources	1,002	1,002
Ministry of Food Production	534	—
Ministry of Gender, Youth and Child Development	1,108	155
Ministry of Health	32,073	31,479
Ministry of Housing and Urban Development	929	148
Ministry of Justice	838	838
Ministry of Land and Marine Resources	1,587	—
Ministry of National Diversity and Social Integration	152	—
Ministry of National Security	9,444	11,066
Ministry of Social Development	4,343	4,419
Ministry of Tertiary Education and Skills Training	5,376	716
St. Lucia	5,249	5,253
THA Tourism Division	499	499
The National Insurance Board of Trinidad and Tobago	3,224	2,524
	338,484	**328,816**

13. Share capital

Authorised
Unlimited number of ordinary shares of no par value

Issued and fully paid

	2015 $'000	2014 $'000
25,000 ordinary shares of no par value	**25,000**	**25,000**

14. Revaluation reserve

The revaluation reserve is comprised of the revaluation surplus on freehold property. The amount of the reserve is $13 million (2014: $13 million).

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

15. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired. The amount of the reserve is $705,000 (2014: $548,000).

16. Borrowings

	2015 $'000	2014 $'000
First Caribbean International Bank Limited	—	469
First Citizens Merchant Bank Limited	4,792	13,917
	4,792	**14,386**
Borrowings – current (due within 1 year)	4,792	9,762
Borrowings – non-current (due between 1 and 5 years)	—	4,624
Total borrowings	**4,792**	**14,386**

First Caribbean International Bank Limited

This loan facility was provided by FirstCaribbean International Bank Limited, formerly CIBC Caribbean, for the purpose of financing the construction of the Ministry of Communications, Works, Transport and Public Utilities Building in St. Lucia. The loan is repayable in monthly instalments over 15 years at a rate of interest of 10.5% per annum with effect from February 20, 2001.

The security held is as follows:

a) First legal mortgage over the leasehold land and building;
b) Collateral assignment of the site lease on which the building stands;
c) Assignment of all lease rentals to service loan;
d) Assignment of fire insurance over the property with Minville & Chastanet (through CIC Insurance Brokers Limited) for EC$5.9 million (TT$13.9 million) and assignment of property insurance with Consolidated Insurance Consultants for EC$14.7 million (TT$34.8 million);
e) Guarantee of lease payment from the Government of St. Lucia.
f) FCIB loan was repaid in this financial year.

First Citizens Merchant Bank Limited

This bond provided financing for the Attorney General Building. The bond is repayable in semi-annual payments over 12 years at a rate of interest approximately 7.04% per annum with effect from October 1, 2003.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

16. Borrowings (continued)

First Citizens Merchant Bank Limited (continued)

The security held is as follows:

a) First legal mortgage over land and building;
b) Assignment of all lease rentals to service loan;
c) Assignment of fire and general perils insurance over the building for full replacement cost;
d) Guarantee of lease payment from the Government of the Republic of Trinidad and Tobago.

The fair value of the bond was $4.7 million as at June 30, 2015 (2014: $13.917 million).

17. Accounts payable and accruals

	2015 $'000	**2014 $'000**
Trade payables:		
- Projects and other	441,590	276,048
- Due to pharmaceutical suppliers	15,279	33,280
	456,869	309,328
Accrued expenses and other payables	71,608	52,183
Project surplus funds over expenses	(156)	17,394
Deferred income – project and construction management fees	—	32
	528,321	378,937

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms for projects.
- Trade payables – Pharmaceutical payments are non-interest bearing and are normally settled on 45-day terms as per contracts with suppliers.

Due to pharmaceutical suppliers – Pursuant to a contractual relationship with the Ministry of Health, NIPDEC is responsible for the procurement, storage and distribution of pharmaceutical and non-pharmaceutical medical supplies to various health care facilities operated by the Regional Health Authorities.

As part of its contractual obligations, NIPDEC receives and checks invoices from suppliers, and records the liability due to them. The Ministry of Health in turn reimburses NIPDEC for the payment of the medical suppliers' invoices made on its behalf. Amounts due from the Ministry of Health have been included in accounts receivable.

Project surplus funds over expenses – represent excess advances remaining after the completion of specific projects.

18. Project advances less project costs incurred

This figure represents the gross amount invoiced to clients or to be drawn down on bonds held to finance projects. The summed amount will be paid to contractors, consultants or other suppliers for works completed on various projects.

Project advances less project costs incurred

	2015 $000	2014 $000
Cipriani College of Labour	80	80
Judiciary of Trinidad and Tobago	3,954	1,870
Ministry of Attorney General	1,738	1,838
Ministry of Community Development	398	398
Ministry of Community Development and Gender Affairs	2,782	2,782
Ministry of Education	37,366	37,366
Ministry of Food Production	261	—
Ministry of Gender, Youth and Child Development	9,830	—
Ministry of Health	17,033	26,111
Ministry of Housing and Urban Development	478	176
Ministry of Justice	8,529	5,882
Ministry of Land & Marine Resources	1,311	—
Ministry of National Security	7,977	9,117
Ministry of Planning and Housing Environment	321	321
Ministry of Social Development	6,190	6,240
Ministry of Sport and Youth Affairs	6,634	6,640
Ministry of Tertiary Education and Skills Training	1,721	15,870
Ministry of the People and Social Development	500	500
Ministry of Tobago Development	13,366	3,332
Ministry of Transport	287,867	369,537
Ministry of Works	293,234	1,073,934
Office of PM- Secretariat	8,512	8,512
Service Commission Department	2,582	2,582
The National Insurance Board of Trinidad and Tobago	100	685
Tobago House of Assembly	1,344	2,631
UDECOTT	517	517
Ministry of Works and Transport	534	534
Ministry of Public Administration	1,585	1,796
Ministry of Food Production Land and Marine Affairs	31	32
Other	9,241	8,867
	726,016	**1,588,150**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

19. Project and construction management fees represent the fees

	2015 $'000	2014 $'000
Project management fees	53,185	36,137
Construction management fees	7,960	7,177
	61,145	**43,314**

20. Property management and sales

	2015 $'000	2014 $'000
Car park rentals	6,165	5,273
Non-project management fees	2,358	2,149
Real estate services income	263	205
Warehouse rental	3,360	4,522
	12,146	**12,149**

21. Staff costs

	2015 $'000	2014 $'000
Payroll costs	35,154	32,347
Defined benefit pension income	—	(88)
	35,154	**32,259**

22. Finance costs

	2015 $'000	2014 $'000
Interest on borrowings	812	1,883
Loss/(gain) on foreign currency exchange	539	(686)
Other	144	92
	1,495	**1,289**

23. Administration expenses

	2015 $'000	2014 $'000
Advertising and promotions	180	(320)
Public relations and donations	293	240
Professional and legal fees	2,435	1,944
Office supplies and other administration expenses	2,397	2,028
	5,305	**3,892**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

24. Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

NIPDEC is a wholly owned subsidiary of the National Insurance Board of Trinidad and Tobago (NIBTT), which is owned by the GORTT. In the ordinary course of its business, NIPDEC enters into transactions concerning the exchange of goods, provision of services and financing with NIBTT as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include First Citizens Bank Limited, First Citizens Merchant Bank Limited and various Ministries of the GORTT.

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year-end are unsecured and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following table provides the total amount of transactions, which have been entered into with related parties as at or for the year ended June 30, 2015 and June 30, 2014.

	2015 $'000	**2014 $'000**
National Insurance Board		
Amounts due from related parties	1,875	28,149
Amounts due to related parties	–	(868)

As of June 30, 2015, mediation talks have ended regarding an amount owed to NIPDEC by its parent Company NIBTT for an amount under dispute, and a decision was taken by the board to write off $16.9 million of unsubstantiated amounts. A further payment was made regarding the Riverwoods housing project to the parent of $9 million against their account.

Other transactions with related parties

	2015 $'000	**2014 $'000**
Directors' remuneration	**537**	**648**
Key management remuneration:		
Short-term benefits	7,152	5,264
Long-term benefits	53	17
	7,205	**5,281**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

25. Financial risk management

Overview

NIPDEC has adopted risk management policies and has set appropriate limits and controls to manage and mitigate against financial risk. NIPDEC has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

i) Credit risk

Management has made the assessment that NIPDEC's exposure to credit risk is not considered significant due to the fact that NIPDEC trades with the Government of the Republic of Trinidad and Tobago and recognised, creditworthy third parties. Management monitors this on an ongoing basis with the result that NIPDEC's exposure to bad debts is not considered significant. Except for the Government of the Republic of Trinidad and Tobago, there are no significant concentrations of credit risk within NIPDEC.

Managing of credit risk

The credit risk in respect of certain customer balances are managed through NIPDEC's establishment of an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. NIPDEC has created specific allowances for the receivables based on information they have that shows that the receivable balance is uncollectable.

The ageing of trade debtors and direct recoverable expenditure at the reporting date was:

	2015 $'000	2014 $'000
Current 0-30 days	160,504	101,775
Past due 1-30 days	77,686	72,204
Past due 31-60 days	48,667	7,616
Past due 61-90 days	17,427	7,741
Over 90 days	86,065	58,227
Total	**390,349**	**247,563**

The movement in the allowance for doubtful debts accounts in respect of trade receivables during the year was:

Balance at July 1	6,378	6,378
Change in impairment allowance	–	–
Balance at June 30	**6,378**	**6,378**

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

25. Financial risk management (continued)

ii) Liquidity risk

Liquidity risk is the risk that NIPDEC will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

NIPDEC manages its liquidity risk by monitoring its risk of a shortage of funds using a daily cash balance, daily cash flow report and monthly investment schedule. This report considers the cash balance on a daily basis, the date of maturity of investments and projected cash flows for payments.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount $'000	Contractual cash flows $'000	0-12 months $'000	1-5 years $'000	More than 5 years $'000
2015					
Liabilities					
Borrowings	4,792	4,792	4,792	–	–
Accounts payable and accruals	528,321	528,321	528,321	–	–
	533,113	**533,113**	**533,113**	**–**	**–**
2014					
Liabilities					
Borrowings	14,386	14,386	9,762	4,624	–
Accounts payable and accruals	378,939	378,939	378,939	–	–
	393,325	**393,325**	**388,701**	**4,624**	**–**

Borrowings are incurred to finance the construction of BOLT arrangements (Note 16). Borrowings are repaid from the instalments received on these lease arrangements. The lease payments are also guaranteed by the Governments of St. Lucia and Trinidad and Tobago. As such, the liquidity exposure on borrowings is minimal.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

25. Financial risk management (continued)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect NIPDEC's income or its holding of financial instruments. NIPDEC has exposure to market risks on interest rates and currency. NIPDECs objective is to manage and control these exposures within acceptable parameters.

a) Interest rate risk

All of NIPDEC's financial liabilities and the majority of its financial assets are at fixed interest terms. Interest rates on short-term investments are determined by the market. As a result, this minimises any interest rate risk faced by NIPDEC.

b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management of currency risk

NIPDEC is exposed to currency risk with respect to its current assets and long-term loans denominated in currencies other than its functional currency. NIPDEC's functional currency is the Trinidad and Tobago dollar. These current assets and long-term loans are primarily denominated in United States ('US') and Eastern Caribbean ('EC') dollars.

As at June 30, 2015, NIPDEC had assets denominated in foreign currencies amounting to $12.4 million (2014: $21.5 million) and long-term loans denominated in foreign currencies amounting to $4.6 million (2014: $5.9 million).

The following average exchange rate applied during the respective periods:

	2015 **$'000**	**2014** **$'000**
US$	6.347	6.381
EC$	2.347	2.361

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

25. Financial risk management (continued)

iii) Market risk (continued)

b) Currency risk (continued)

Sensitivity analysis:

A one per cent strengthening of the TT$ against the following currencies at year-end would increase/(decrease) profit by the amounts shown below. This analysis is performed on the same basis for 2015 on the basis that all other variables remain constant.

Effect in TT$	2015 $'000	2014 $'000
US$	(2)	55
EC$	36	159

NIPDEC mitigates against this risk by holding an appropriate percentage of its investment portfolio to provide a natural hedge. NIPDEC uses the spot market to adjust any imbalances.

26. Capital management

It is NIPDEC's policy to maintain a strong capital base to sustain future development of the business. The Board of Directors monitors the return on capital, which NIPDEC defines as equity.

27. Determination of fair values

A number of NIPDEC's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Board's investment property portfolio every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

27. Determination of fair values (continued)

ii) Borrowings

The fair value of NIPDEC's long-term loans (which have fixed interest rates) are based on estimated future discounted cash flows which are discounted using market rates for loans of the same remaining maturities and are detailed in Note 16.

iii) Other

The carrying amounts of financial assets and liabilities approximate their fair values because of the short-term maturities on these instruments. The carrying values of short-term deposits are assumed to approximate fair value due to their term to maturity not exceeding one year.

28. Commitments

a) Capital commitments

There are no commitments for capital expenditure approved or contracted as at June 30, 2015 (2014: nil).

b) Other

In carrying out its project and construction management activities as stated in Note 1, NIPDEC has entered into a number of contracts with various contractors and a few key customers for which obligations existed at the year-end.

29. Agency arrangements

NIPDEC holds several fixed rate bonds and one promissory note that are not recorded in the financial statements of NIPDEC. These borrowings were raised on behalf of the GORTT to finance various Government projects managed by NIPDEC for the GORTT. The bonds have tenures of 12 to 18 years with maturity dates of 2017 to 2032 whilst the promissory note has a tenure of three years.

The various Trust Deeds for the fixed rate bonds provide that NIPDEC's obligations to pay principal and interest on these bonds are limited to the maximum amount that NIPDEC has received from the GORTT for these obligations. Where bond repayments have become due, the GORTT has committed to and has been directly servicing the semi-annual principal and interest repayments.

These bonds have not been recorded in the books of NIPDEC since NIPDEC has no beneficial interest in these funds; NIPDEC acts as an agent to source and disburse funds in relation to projects undertaken on behalf of the GORTT; there is no outflow of resources by NIPDEC as interest and principal repayments are serviced directly by GORTT; and the Trust Deeds provide for limited recourse against NIPDEC.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

29. Agency arrangements (continued)

The promissory note is secured by a Letter of Comfort issued by the GORTT whereby the Government is guaranteeing that funds will be made available to settle the obligations arising under the promissory note. All repayments of principal and interest are being serviced directly by the GORTT.

The principal outstanding on these limited recourse fixed rate borrowings amounted to $4.5 billion at June 30, 2015 (2014: $4.6 billion). An analysis of the borrowings is as follows:

Bonds

Trustee	**Rate**	**Tenor**	**2015 $'000**	**2014 $'000**
Republic Bank Limited	7.30%	November 2002-2014	–	44,214
RBTT Trust Limited	8.75%	October 2006-2018	83,490	107,345
Trinidad and Tobago Unit Trust Corporation	7.00%	October 2005-2017	41,666	58,333
RBTT Trust Limited	6.80%	July 2009-2022	682,000	682,000
First Citizens Trustee Services Limited:	6.25%	March 2010-2028	500,000	500,000
	6.10%	September 2010-2028	360,000	360,000
	6.55%	May 2011-2030	750,000	750,000
	6.05%	October 2011-2026	500,000	500,000
	5.15%	July 2012-2025	339,000	339,000
	6.25%	October 2012-2032	250,000	250,000
	4.00%	October 2013-2029	1,000,000	1,000,000
			4,506,156	**4,590,892**

30. Contingent liabilities

As at June 30, 2015, NIPDEC is subject to several legal claims and actions. After taking legal advice as to the likelihood of success of the claims and actions, provisions were established where appropriate based on legal advice received and precedent cases. NIPDEC is either vigorously defending these claims or attempting to settle the same (where advised) so as to reduce litigation costs.

In addition, NIPDEC also has several legal matters arising out of projects undertaken on behalf of various government ministries. For these matters, the claims, judgements and legal costs are fully reimbursed by the client ministries. As a result, no provisions have been made for these matters.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

31. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.

32. Other income

	2015 $'000	2014 $'000
Gain/loss in CIF fund	419	116
Project balance for which project has either ended or is discontinued	16,313	–
Unidentifiable refundable deposits	1,502	–
PAYE suspense	3	–
Medical deduction suspense	30	–
Ministry of Works maintenance deposit	2,095	–
Deferred income	34	–
Total	**20,396**	**116**

33. Prior period adjustments

The following prior period balances have been adjusted to reflect the fair values that should have applied.

Property plant and equipment

In 2014, NIPDEC had an independent third-party valuation performed on the property within the property, plant and equipment balance. The carrying amount was not fully adjusted and in the current year, the amounts have been corrected.

Revaluation reserve

Based on the revaluations conducted in 2014, it was noted that the amount, which should have been stated as the revaluation reserve was $13 million.

Fair value reserve

During the current year, it came to management's attention that the fair value reserve relating to the CLICO bond investments for the prior year were not correct and management decided to adjust the prior year balances.

(Expressed in thousands of Trinidad and Tobago dollars unless otherwise stated)

33. Prior period adjustments (continued)

The adjustments to accounts in the statement of financial position to take account of the cumulative effect of the above adjustments are as follows:

June 2014	As previously reported $'000	Prior period adjustment $'000	Restated balance $'000
Property, plant and equipment	16,450	3,183	19,632
Revaluation reserve	13,375	(375)	13,000
Retained earnings	166,745	9,553	176,298
Fair value reserve	6,543	(5,995)	548
1 July 2013			
Property, plant and equipment	17,689	3,559	21,248
Retained earnings	146,705	9,553	156,258
Fair value reserve	8,066	(5,994)	2,071

Notes

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